

PROCLAMATION

BY THE

Governor of the State of Texas

TO ALL TO WHOM THESE PRESENTS SHALL COME:

House Bill 1, the General Appropriations Act, having been duly certified by the Comptroller of Public Accounts pursuant to Article III, Section 49a of the Texas Constitution, has been presented to me for action. The bill would appropriate approximately \$152.5 billion from all funding sources, including \$73.9 billion from the General Revenue Fund for the fiscal biennium beginning September 1, 2007. General revenue spending would increase by \$8.3 billion or 12.6 percent compared to the current biennium.

I will sign this budget because of the many good things it does to move Texas forward. This bill increases border security funding by more than \$100 million, invests an additional \$146 million in college financial aid, provides funding for a new film incentive program, provides more money for the Children's Health Insurance Program, expands our investment in clean air programs, and provides hundreds of millions of dollars for teacher incentive programs. It also funds increases for our classrooms, mentoring for the children of prisoners, and important criminal justice priorities.

While I support many of the investments in the budget, I am concerned this budget is not transparent, continues billions of dollars of accounting gimmicks, and misses several opportunities.

Texas started this legislative session with the largest projected surplus in state history. This was an ideal time to expand the 2006 property tax cuts and get the state's fiscal house in order for the future.

The large surplus should have removed all pressure to continue budget tricks such as collecting funds for a specified purpose but saving balances in those funds to balance the overall budget.

While some progress was made, such as finally ending the Telecommunication Infrastructure Fee in 2008, appropriating all specialty license plate revenue for its intended purpose, and partially implementing the System Benefit Fund to provide low income electric discounts, other changes to improve Texas were missed. Texans will miss out on an additional \$1.2 billion worth of highway projects because most of the state police are still funded from the State Highway Fund. Trauma capabilities won't be as far reaching as they could be because not all dedicated trauma funds are appropriated. And more than \$3 billion in dedicated accounts will continue to be used to balance this budget, while \$2.5 billion that should have been returned to taxpayers will be left in state coffers.

I also encourage the legislature to strengthen its fiscal note estimating process. Many appropriations made in this Act are based on fiscal notes or estimates that say "no significant fiscal impact" or "cannot be determined," sometimes despite conflicting information from the implementing agency or entity. For example, the fiscal note for House Bill 3107, the so-called "funds consolidation bill" which is relied upon to shift billions in fund balances to certify the state budget, carries a fiscal note that says the impact to the state cannot be estimated. Senate Bill 453, which requires the Texas Department of Criminal Justice to test inmates for HIV, was estimated to have no

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significant fiscal impact despite the clear costs of the program. Finally, the Higher Education Coordinating Board estimated the cost of House Bill 589, which makes it easier for university branch campuses to become free-standing institutions and receive additional state dollars, at \$7.6 million for fiscal years 2008-2009 and \$15 million for fiscal years 2010-2011. Yet, astonishingly, and without any explanation, the Legislative Budget Board's fiscal note asserts "no fiscal implication to the state is anticipated." Ignoring the obvious fiscal impact of these and other bills does not add to making the state budget the clear, transparent document it should be for the citizens of Texas.

In February, I released my proposed budget which embodied the principles of disciplined governance and truth-in-budgeting. I proposed a lower spending limit, greater transparency in higher education funding, and an end to flawed budget practices such as deferring payments and using dedicated balances for budget certification. My line-item vetoes for both bills total \$639.5 million in general revenue and \$646.5 million in all funding sources, including \$562.9 million in general revenue and \$570.0 million in all funding sources from House Bill 1 and \$76.6 million in general revenue and all funding sources from House Bill 15.

I am now more gravely concerned about appropriations for higher education than I was in February. Although some positive steps occurred, such as increasing financial aid by nearly \$146 million and providing initial funding for a higher education incentive initiative, both fell far short of my expectations from the Eightieth Legislature.

Our process of funding higher education is seriously flawed. During the past several biennia, the legislature has moved away from the equitable statutory formula funding system to greater reliance on the inequitable use of political earmarks. Formulas developed by the Texas Higher Education Coordinating Board are fair; they are not developed in a vacuum. Scores of senior administrators from all institutions participate in advisory committees that evaluate quantifiable financial data and come to an agreement on distributive formulas. The formulas are reviewed by professionals who, in turn, forward them to an accountable board for adoption. However, once the formulas are used by legislative staff in the introduced versions of the appropriations bill, institutions pressure their local delegations for special consideration and thwart the objective professional process. Legislators provide special earmarks for their local institutions with no consideration of the best use of scarce resources to meet statewide goals and needs. From 1986-87 to 2006-07, special items and excellence funding grew from \$63.8 million to \$908.2 million, an increase of 1,323.2 percent. In 1986-87, special items represented 2.1 percent of the schools' total general revenue appropriations. By 2006-07, this percent was 14.9 percent. After I publicly denounced this kind of porkbarrel spending, the legislature added another \$255.4 million and cut virtually nothing. In 2008-09, special items will constitute 19.5 percent of total general revenue funding. This is unacceptable.

Institutions come to expect pork as a permanent way to support operations. They rely on pork to sustain operations above levels they can safely expect from equitable formula funding – equitable in the sense that this is the amount their peers and the Texas Higher Education Coordinating Board (THECB) deem appropriate to maintain an academic program or physical facility.

In February, I called for a clear, unambiguous appropriations format for all institutions and recommended ending lump sum funding. The adoption would have increased accountability to state budget writers, taxpayers and students seeking to address the cost of education at state colleges and universities. A new pattern would have made it easier for schools to identify statewide trends to justify requests for funding to address specific needs. My new pattern broke down enormous, vague line items such as "Operations

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Support” into understandable elements such as “Faculty Salaries,” “Library,” “Building Maintenance,” and “Utilities.” Not only would this new budget pattern have provided greater clarity in how tax dollars are used, it would have allowed increased precision in allocating dollars for justified purposes. This, too, was ignored while political earmarks received even more money. The major rationale used for not providing greater transparency is fear that I, and future governors, might use our constitutional right to gubernatorial line-item veto. The universities and legislators fear that governors may use the power of veto capriciously or irresponsibly. To which I counter: Any governor’s line-item veto can in no way be more irresponsible than the legislature’s decades-long practice of funding Special Items with absolutely no accountability or justification whatsoever to the taxpayers of Texas.

I called for an increase of \$362.8 million, or 60.3 percent in need- and performance-based financial aid. Contrary to deliberately misleading public statements by some, this aid was in the form of grants for students willing to work to get and keep it. This is not a novel concept in America: “I will give you money, but I expect something in return,” which in this case was maintaining a “B” average. If you fell below a “B,” the “grant” would have become an interest-free loan, which was a great deal any way you look at it. My proposal was criticized as too strenuous for students in certain members’ districts, a nauseating testament to what President George W. Bush has justly called “the soft bigotry of low expectations.”

The funding process used by the legislature to write this appropriations act is antiquated, unfair, and keeps Texas from adequately competing at national and global levels. Texas is shackled by provincialism, preventing the creation of the workforce and laboratory innovations needed to meet the demands of the Twenty-first Century economy. This must stop.

I urge my fellow state leaders to use the select commission on higher education and global competitiveness created by House Concurrent Resolution 159 as the vehicle for change and use it to modernize how we address funding and deliver vital post-secondary services. This commission is charged with drafting a Texas Compact that reflects a long-term vision and a step-by-step plan to attain specific goals. I hope that those appointed to the commission understand the urgency I feel and that the Eighty-first Legislature will rise above local interests and work for the good of the state as a whole. Texans deserve no less. Texans expect no less.

I hereby object to and veto the following items from House Bill 1, and include a statement of my objections to each of those items.

Article I – General Government

Building and Procurement Commission

E.1.1. Central Administration

	<u>2008</u>	<u>2009</u>
	\$2,288,188	\$2,288,188

This veto deletes a portion of Indirect Administration for the Texas Building and Procurement Commission. House Bill 3560 transferred the procurement functions of that agency to the Comptroller of Public Accounts and sound fiscal management dictates that the agency’s administrative funds be cut because of diminution of statutory responsibility.

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Article II – Health and Human Services

<u>Health and Human Services Commission</u>	<u>2008</u>	<u>2009</u>
B.2.3. Medicare Federal Give Back	\$292,916,177	\$297,195,288

This veto deletes the second year of the appropriation to fund the state's contribution to the Medicare Part D benefit for recipients eligible for Medicaid and Medicare services (i.e., dual eligibles). Although I believe that all funding for this purpose is unnecessary, I am leaving the fiscal year 2008 appropriation to preserve flexibility and allow the Health and Human Services Commission the option to transfer funds to more important purposes if necessary. As I stated in 2005, I strongly support the federal assumption of prescription drug costs for dual eligibles. Texas has been a full partner in the success of implementing and ensuring a smooth transition of dual eligible individuals to the Part D benefit. In fact, Texas stepped in when the initial implementation ran into administrative roadblocks and spent state funds to ensure that no dual eligible went without their medications.

However, I continue to object to the Centers for Medicare and Medicaid Services' interpretation of the state payment formula (i.e., clawback) and believe it penalizes states like Texas that have taken innovative steps to provide Medicaid drug benefits, control drug cost increases, and manage overall program costs trends. It is worth noting that state clawback payments are projected to increase over the next few years, while the federal government sends out press releases touting the larger-than-predicted savings produced by the program. Texas will continue to partner with other states that share these concerns to pursue an equitable approach to sharing the savings in a way that is not an unconstitutional raid on state treasuries.

Article III – Education

<u>Higher Education Group Insurance Contributions</u>	<u>2008</u>	<u>2009</u>
C.1.29. Pub Community/Jr Colleges	153,979,799	\$153,979,799

This veto deletes fiscal year 2009 funding for Higher Education Employees Group Insurance Contributions for Public Community/Junior Colleges. A budget rider states that "the funds appropriated by this Act out of the General Revenue Fund may not be expended for employee benefit costs, or other indirect costs, associated with the payment of salaries or wages if the salaries or wages are paid from a source other than the General Revenue Fund." Community colleges have violated this provision, using millions of state dollars annually to pay the benefits of non-state paid employees. To get money for these employees, community colleges falsified their appropriations requests. As a result, their appropriation for fiscal years 2008-09 is approximately \$126 million too high. Community colleges have unexpended balance authority, so they can apply proportionality in fiscal year 2008 and fund most of fiscal year 2009 with fiscal year 2008 savings and the rest with increases provided for instruction and operations.

<u>Higher Education Coordinating Board</u>	<u>2008</u>	<u>2009</u>
E.1.3. New Community College Campuses	\$1,676,325	\$1,607,182

This veto deletes an appropriation for contact hour enrollment generated at certain new community college campuses. There are two appropriations associated with enrollment expansion, and only one is needed. The remaining item for two-year enrollment growth (Texas Higher Education Coordinating Board, strategy E.1.2., Two-Year Enrollment Growth) is more equitable because it takes into account the whole district, not just an isolated, handpicked campus.

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Sec. 54. Special Item Appropriations. In addition to the amounts appropriated elsewhere in this Act, the following amounts of general revenue are appropriated for the 2008-09 biennium to each of the institutions and agencies listed below:

		2008-09
Higher Education Coordinating Board	Quantitative Study	\$500,000
Community Colleges, Bachelor of Applied Technology	BAT Degrees	600,000
Texas Tech University	Institutional Enhancement	5,200,000
Angelo State University	Museum of Fine Arts	300,000
Texas Cooperative Extension	Extend Program Delivery	3,000,000
Prairie View A&M University	Agriculture Match	4,000,000
Prairie View A&M University	Community Development	100,000
Texas Agriculture Extension Service	Biological Energy Alliance	4,000,000
Texas Agriculture Extension Service	Obesity Research (S&W Temple)	2,000,000
Texas Agriculture Extension Service	Feedyard Beef Cattle Production	850,000
Texas A&M University	Summer School	3,000,000
Texas A&M University Kingsville	Wildlife Research	62,080
University of Houston - Victoria	Master's Degree in Nursing	1,100,000
The University of Texas at Austin	Marine Science Institute	2,000,000
The University of Texas at Dallas	Science Engineering and Math	2,000,000
The University of Texas at San Antonio	San Antonio Life Science Institute	3,000,000
The University of Texas - Tyler	Institutional Enhancement	1,500,000
Veterinary Medical Diagnostic Lab	Bio Safety Lab	2,000,000
West Texas A&M University	Engineering Program	5,000,000
Angelo State University	Institutional Enhancement	1,000,000
Texas A&M International University	Student Success	5,000,000
Texas State University - San Marcos	School Safety Center	3,000,000
University of Houston	Wind Energy	5,000,000
A&M University Health Science Center	Medical School Expansion	19,000,000
Texas Tech Health Sciences Center	Cancer Research	4,800,000
Texas Tech Health Sciences Center	Physician Assistant Program	1,016,500
UT Health Science Center - Houston	World's Greatest Scientist	5,000,000
UT Health Science Center - Houston	Public Health Expansion	5,000,000
UT Health Science Center - San Antonio	San Antonio Life Science Institute	3,000,000
UT Southwestern Medical Center	Obesity, Diabetes & Metabolism	18,000,000
A&M University Health Science Center	Med. School Expansion - Temple	4,000,000
UT Medical Branch - Galveston	Stark Diabetes Center	2,000,000
Texas State University System	System Operations	1,733,504
Texas Tech University System	System Operations	3,169,907
University of Houston System	System Operations	473,787
University of North Texas System	System Operations	1,632,060
Total		\$123,037,838

This veto deletes the following special item appropriations:

- Quantitative Study at THECB. This study would develop a pilot system to track and improve student college readiness and progress from high school to college entry to workforce development. THECB can do this within existing resources. It was appropriated \$24.6 million for the College Readiness Initiative in addition to the \$14.9 million provided for fiscal year 2007. These and other funds available to the agency can be used for this purpose.*
- Museum of Fine Arts at Angelo State University. This special item would contribute little to the goals of "Closing the Gaps." Furthermore, this university already receives a disproportionate share of special item and excellence funding. Special items represent 30 percent of its total general revenue budget, less tuition revenue*

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bond debt service, compared to the university statewide average of 18.4 percent. If this initiative is a priority, the university can use its \$18.9 million appropriated for Institutional Enhancement.

- *Extend Program Delivery at Texas Cooperative Extension. These funds would increase the number of county extension agents, which are not a state priority.*
- *Obesity Research (Scott & White Temple) at the Agricultural Experiment Station. (The rider incorrectly identifies the "Texas Agriculture Extension Service.") Two appropriations are made for obesity research, and only one is needed. The other is for \$18 million at The University of Texas Southwestern Medical Center at Dallas. One of my priorities is increasing collaboration among the agencies and institutions of higher education. The Experiment Station can collaborate with Southwestern.*
- *San Antonio Life Science Institute at The University of Texas at San Antonio. Before the state makes the investment required to create more tier-one research institutions, we need a long-term vision and plan. The select commission on higher education and global competitiveness created by House Concurrent Resolution 159 is charged with drafting a Texas Compact that reflects a long-term vision and a step-by-step plan to attain specific goals. After the results of this effort are evaluated, funding increases can be targeted strategically to make the most efficient use of taxpayer dollars.*
- *Engineering Program at West Texas A&M University. The university did not request this special item. Furthermore, it already receives a disproportionate share of special item and excellence funding. Special items represent 26.7 percent of its total general revenue budget, less tuition revenue bond debt service, compared to the university statewide average of 18.4 percent. If this initiative is a priority, the university can use its \$15.5 million appropriated for Institutional Enhancement.*
- *Student Success at Texas A&M International University. This university already receives a disproportionate share of special items and excellence funding. Special Items represent 48.3 percent of its total general revenue budget, less tuition revenue bond debt service, compared to the university statewide average of 18.4 percent. If this initiative is a priority, the university can use its \$31.3 million appropriated for Institutional Enhancement.*
- *Public Health Expansion at The University of Texas Health Science Center at Houston. Funds are provided elsewhere for increasing the number of nursing graduates, which is a more critical need.*
- *San Antonio Life Science Institute at The University of Texas Health Science Center at San Antonio. Although this is a collaborative effort with The University of Texas at San Antonio, which is good, before the state makes the investment required to create more tier-one research institutions, we need a long-term vision and plan. The select commission on higher education and global competitiveness created by House Concurrent Resolution 159 is charged with drafting a Texas Compact that reflects a long-term vision and a step-by-step plan to attain specific goals. After the results of this effort are evaluated, funding increases can be targeted strategically to make the most efficient use of taxpayer dollars.*
- *Stark Diabetes Center at The University of Texas Medical Branch at Galveston. Two appropriations were made for diabetes research, and only one is needed. The other is for \$18 million at The University of Texas Southwestern Medical Center at*

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Dallas. One of my priorities is increasing collaboration among the agencies and institutions of higher education. Medical Branch can collaborate with Southwestern.

- *System Operations at the Texas State University System Central Office. The system did not request this special item. The university instruction and operations formula is funded at 106 percent of the THECB recommended amount. Since this formula includes administration, no additional funds should be necessary. If system offices need additional funds, they can charge their institutions for services rendered.*
- *System Operations at the Texas Tech University System Administration. The university instruction and operations formula is funded at 106 percent of the THECB recommended amount. Since this formula includes administration, no additional funds should be necessary. If system offices need additional funds, they can charge their institutions for services rendered.*
- *System Operations at the University of Houston System Administration. The university instruction and operations formula is funded at 106 percent of the THECB recommended amount. Since this formula includes administration, no additional funds should be necessary. If system offices need additional funds, they can charge their institutions for services rendered.*
- *System Operations at the University of North Texas System Administration. The university instruction and operations formula is funded at 106 percent of the THECB recommended amount. Since this formula includes administration, no additional funds should be necessary. If system offices need additional funds, they can charge their institutions for services rendered.*

Article V – Public Safety and Criminal Justice

<u>Texas Department of Criminal Justice</u>	<u>2008</u>	<u>2009</u>
C.1.10. Contracted Temporary Capacity	\$36,840,120	\$29,249,240

<u>Texas Department of Criminal Justice</u>	<u>2008</u>	<u>2009</u>
F.1.6. Other Support Services	\$5,459,155	\$5,459,154

These vetoes delete the fiscal year 2009 appropriation for Contracted Temporary Capacity and the appropriations for Other Support Services at the Texas Department of Criminal Justice (TDCJ). The amount of general revenue funds appropriated to TDCJ grew by almost 10 percent from the 2006-2007 biennium. Much of this substantial increase will support probation, parole, and substance abuse treatment. To the extent this funding reaches our non-violent offenders and reduces recidivism, I support it because it will reduce the future prison population. Yet, I cannot ignore the fact that, during the biennium, the average number of incarcerated offenders is only expected to grow by 2 percent and the average number of offenders under active parole supervision or adult probation is only expected to grow by 5 percent. In that context, a 10 percent increase is unreasonable and is reduced by this veto.

<u>Texas Commission on Jail Standards</u>	<u>2008</u>	<u>2009</u>
A.1.2. Juvenile Justice Survey	\$40,000	\$40,000

This veto eliminates the funding for the Juvenile Justice Survey conducted by the Texas Commission on Jail Standards (TCJS). I asked the legislature to remove this strategy from the TCJS, and I veto this appropriation because funding from the Governor's Office Criminal Justice Division should not be an entitlement in the budget.

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Article IX – General Provisions

Sec. 19.07. **Contingency for House Bill 430.** ~~Contingent on passage of House Bill 430, or similar legislation relating to the monitoring of certain high-risk sex offenders and to information concerning certain sex offenders, by the Eightieth Legislature, Regular Session, and in addition to the amounts appropriated elsewhere in this Act, the Department of Public Safety (DPS) is appropriated in Strategy C.1.3, Special Crimes, \$1,264,113 in fiscal year 2008 and \$1,183,141 in fiscal year 2009 from State Highway Fund 6 to implement the provisions of the bill. The “Number of Full Time Equivalents” in the agency bill pattern is increased by 8.0 FTEs in both fiscal years for the operation of the program.~~

This veto deletes a contingent rider for a bill that did not pass.

Sec. 19.22. **Contingency Appropriation for House Bill 3494.** ~~Contingent upon the enactment of House Bill 3494, or similar legislation relating to the regulation of property tax professionals and appraisal review boards, by the Eightieth Legislature, Regular Session, the Board of Tax Professional Examiners shall be appropriated the amount of \$60,000 in fiscal year 2008 and \$60,000 in fiscal year 2009 out of General Revenue in the Board of Tax Professional Examiners’ bill pattern for the purpose of implementing that Act. This appropriation is also contingent on the Board of Tax Professional Examiners assessing or increasing fees sufficient to generate, during the 2008–09 biennium, \$148,290 in excess of \$532,000 (Object Code 3175), contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate for fiscal years 2008 and 2009. The Board of Tax Professional Examiners, upon completion of necessary actions to assess or increase such additional fees, shall furnish copies of the Board of Tax Professional Examiners’ minutes and other information supporting the estimated revenues to be generated for the 2008–09 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purposes. In no event shall the amounts appropriated in Article IX to the Board of Tax Professional Examiners exceed the amount of additional revenue generated by agency above the amounts contained in the Comptroller’s Biennial Revenue Estimate for Object Code.~~

This veto deletes a contingent rider for a bill that did not pass.

Sec. 19.28. **Contingency Appropriation for Senate Bill 23.** ~~Contingent on the passage of Senate Bill 23 by the Eightieth Legislature, Regular Session, or similar legislation relating to promoting the purchase and availability of health coverage, the Texas Department of Insurance is appropriated \$313,588 in fiscal year 2008 and \$273,765 in fiscal year 2009 in General Revenue Dedicated Fund 36 funds and 6.0 FTEs in each fiscal year to implement the provisions of the legislation.~~

This veto deletes a contingent rider for a bill that did not pass.

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Sec. 19.29. Contingency for Senate Bill 47. ~~Contingent on passage of Senate Bill 47, or similar legislation relating to certain requirements for the issuance of a marriage license or the recording of a declaration of informal marriage and to the maintenance of marriage and divorce indexes by the bureau of vital statistics, by the Eightieth Legislature, Regular Session, the Department of State Health Services is appropriated revenue not to exceed \$260,000 in fiscal year 2008 and \$10,000 in fiscal year 2009 from the collection of fees deposited in General Revenue Dedicated Account No. 19, Vital Statistics, to implement the provisions of the legislation. In no event shall the amount expended by this provision exceed the amount of additional revenue generated pursuant to Senate Bill 47.~~

This veto deletes a contingent rider for a bill that did not pass.

Sec. 19.30. Contingency for Senate Bill 206. ~~Contingent on passage of Senate Bill 206, or similar legislation relating to certain providers of subsidized care, by the Eightieth Legislature, Regular Session, the Department of Public Safety is hereby appropriated \$627,467 for fiscal year 2008 and \$392,105 for fiscal year 2009 from General Revenue, and the number of authorized full-time equivalent positions (FTEs) is increased by 2.0 FTEs for fiscal year 2008 and 2.0 FTEs for fiscal year 2009 to implement the provisions of the bill.~~

~~Also contingent on passage of Senate Bill 206, or similar legislation, are the following increases in the number of authorized full-time equivalent positions (FTEs) to implement the provisions of the bill:~~

	FY 2008	FY 2009
Department of Family and Protective Services	6.0	6.0
Texas Workforce Commission	1.0	1.0

This veto deletes a contingent rider for a bill that did not pass.

Sec. 19.31. Contingency Appropriation for Senate Bill 218. ~~Contingent on passage and enactment of Senate Bill 218, or similar legislation relating to licensing and inspection requirements for certain childcare facilities, by the Eightieth Legislature, Regular Session, the Department of Family and Protective Services is appropriated \$1,397,654 in General Revenue Funds and \$19,290 in Federal Funds for fiscal year 2008, and \$1,091,304 in General Revenue Funds and \$15,062 in Federal Funds for fiscal year 2009. Also contingent upon the passage of such legislation, the number of full-time equivalent positions is increased by 27.0 in fiscal year 2008 and 23.0 in fiscal year 2009.~~

This veto deletes a contingent rider for a bill that did not pass.

Sec. 19.32. Contingency for Senate Bill 221. ~~Contingent on passage of Senate Bill 221, or similar legislation relating to birth records of adopted children, by the Eightieth Legislature, Regular Session, the Department of State Health Services (DSHS) is appropriated \$308,775 for fiscal year 2008 and \$136,308 for fiscal year 2009 from General Revenue Dedicated Account No. 19, Vital Statistics, to implement the provisions of the legislation. DSHS shall collect fees as authorized by Senate Bill 221 to cover the costs of implementing the provisions of the legislation. The number of full-time equivalent positions for DSHS is increased by 2.0 in fiscal year 2008 and 3.0 in fiscal year 2009.~~

This veto deletes a contingent rider for a bill that did not pass.

Sec. 19.33. Contingency for Senate Bill 518. ~~Contingent on passage of Senate Bill 518, or similar legislation relating to death benefits for the survivors of certain members of the~~

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~~Texas National Guard, by the Eightieth Legislature, Regular Session, the Adjutant General's Department is appropriated \$2,000,000 for fiscal year 2008 and \$750,000 for fiscal year 2009 from the General Revenue Fund to implement the provisions of the legislation.~~

This veto deletes a contingent rider for a bill that did not pass.

~~Sec. 19.78. Contingency Appropriation for Senate Bill 703. Contingent upon the enactment of Senate Bill 703, or similar legislation relating to the regulation of dyslexia practitioners and therapists by the Department of State Health Services, by the Eightieth Legislature, Regular Session, the Department of State Health Services shall be appropriated the amount of \$107,040 in fiscal year 2008 and \$126,815 in fiscal year 2009 from the collection of fees deposited in the General Revenue Fund for the purpose of implementing that Act. In no event shall the amount expended by this provision exceed the amount of additional revenue generated pursuant to Senate Bill 703. Also, the "Number of Full-time Equivalent Positions (FTE)" indicated in Department of State Health Services' bill pattern shall be increased by 2.0 FTEs in fiscal year 2008 and 2.5 FTEs in fiscal year 2009.~~

This veto deletes a contingent rider for a bill that did not pass.

~~Sec. 19.85. Contingency for Senate Bill 4. Contingent upon the enactment of Senate Bill 4, or similar legislation relating to open enrollment charter schools and the creation of public charter districts, by the Eightieth Legislature, Regular Session, the Texas Education Agency is appropriated \$4,288,140 in General Revenue funds in fiscal year 2008 and \$5,711,860 in General Revenue in fiscal year 2009 to implement the provisions of the bill. Also contingent upon the enactment of Senate Bill 4 or similar legislation, the "Number of Full-time Equivalent Positions (FTE)" for the Texas Education Agency in this Act is hereby increased by 7.0 for each year of the 2008-09 biennium.~~

~~Out of the funds appropriated by this rider, the Commissioner shall expend not more than \$3,788,140 in fiscal year 2008 and \$4,166,953 in fiscal year 2009 to provide instructional facilities allotments to eligible public charter districts. Out of funds appropriated by this rider, the Commissioner shall expend not more than \$500,000 in fiscal year 2008 and \$1,544,907 in fiscal year 2009 on administrative costs related to the provisions of Senate Bill 4.~~

~~Any balances available as of August 31, 2008 are appropriated for fiscal year 2009 for the same purpose.~~

This veto deletes a contingent rider for a bill that did not pass.

~~Sec. 19.88. Contingency for House Bill 442. Contingent on passage of House Bill 442, or similar legislation relating to the taking or attempting to take a stun gun from a peace officer or certain other officers by the Eightieth Legislature, Regular Session, and in addition to the amounts appropriated elsewhere in this Act, the Department of Public Safety (DPS) is appropriated in Strategy E.1.1, Concealed Handguns, \$1,497,364 in fiscal year 2008 and \$681,939 in fiscal year 2009 from State Highway Fund 6 to implement the provisions of the bill. The "Number of Full-Time Equivalents" in the agency bill pattern is increased by 18.0 FTEs in both fiscal years for the operation of the program.~~

This veto deletes a contingent rider for a bill that did not pass.

~~Sec. 19.92. Contingency for House Bill 2238. Contingent upon the enactment of House Bill 2238, or similar legislation relating to the establishment of the Texas Education Data~~

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~~System (TEDS), by the Eightieth Legislature, Regular Session, the Texas Education Agency is hereby appropriated \$1,000,000 in General Revenue to contract with one or more education research centers to develop recommendations for establishing indicators for identifying students who are likely to drop out of school, pursuant to the provisions of the legislation.~~

This veto deletes a contingent rider for a bill that did not pass.

~~Sec. 19.93. **Contingent Appropriation for House Bill 2868.** Contingent upon passage of House Bill 2868 or similar legislation there is hereby appropriated to the Texas Forest Service out the Volunteer Fire Department Assistance Account No. 5064, an amount not to exceed \$5,000,000 in fiscal year 2008 and \$5,000,000 in fiscal year 2009 in Strategy A.1.1, Wildfire and Emergency Program, to be used for the Texas Wildfire Protection Plan. Any funds remaining at the end of August 31, 2008 are hereby reappropriated for the same purpose for the biennium beginning September 1, 2009.~~

This veto deletes a contingent rider for a bill that did not pass.

~~Sec. 19.97. **Contingency for Senate Bill 371.** Contingent on passage of Senate Bill 371, or similar legislation relating to an exemption for certain disabled veterans from the fees required for the issuance of a personal identification certificate, by the Eightieth Legislature, Regular Session, \$70,870 in fiscal year 2008 and \$57,870 in fiscal year 2009 shall be transferred from non-constitutionally dedicated State Highway Fund No. 6 to the Texas Mobility Fund No. 365 to substitute a funding source that is projected to be within the Texas Mobility Fund as required by the Texas Constitution, Article III, § 49 k.~~

This veto deletes a contingent rider for a bill that did not pass.

~~Sec. 19.112. **Contingency Appropriation for House Bill 4065.** Contingent on the enactment of House Bill 4065 or similar legislation, relating to the establishment by the Texas Workforce Commission (TWC) of a pilot program to provide grants for the construction of certain facilities for job training and employment services, TWC is appropriated \$1,000,000 in General Revenue in Strategy A.1.4, Employment and Community Services, in the fiscal year ending August 31, 2008, for the purposes of implementing House Bill 4065, or similar legislation. Any unexpended balances of these funds remaining on August 31, 2008, may be used by TWC for the fiscal year beginning on September 1, 2008, for the same purpose.~~

This veto deletes a contingent rider for a bill that I vetoed.

~~Sec. 19.116. **Contingency for Senate Bill 1305.** Contingent on passage of Senate Bill 1305 or similar legislation relating to the service of a process, by the Eightieth Legislature, Regular Session, and in addition to the amounts appropriated elsewhere in this Act, the Office of Court Administration is appropriated \$85,000 in each year of the biennium and an additional 1.5 FTE to implement the provisions of the legislation.~~

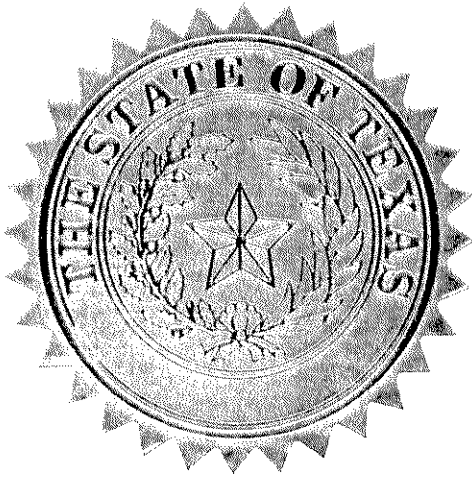
This veto deletes a contingent rider for a bill that did not pass.

I have signed House Bill 1 together with this proclamation stating my objections to individual items of appropriation therein. In accordance with Article IV, Section 14 of the Texas Constitution, individual items of appropriation objected to shall be of no force or effect. The remaining portions of the bill shall be effective according to their terms. Since the legislature by its adjournment has prevented the return of this bill, I am filing

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
O'CLOCK

JUN 15 2007

this bill and these objections in the office of the Secretary of State and giving notice thereof by this public proclamation according to the aforementioned constitutional provision.



IN TESTIMONY WHEREOF, I
have signed my name officially
and caused the Seal of the State
to be affixed hereto at Austin,
this the 15th day of June, 2007.

Rick Perry
RICK PERRY
Governor of Texas

ATTESTED BY:

Roger Williams
ROGER WILLIAMS
Secretary of State

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
10 PM O'CLOCK

JUN 15 2007

June 15, 2007
Austin, Texas